

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: Calhoun County Medical Care Facility	County Calhoun
Audit Date December 31, 2005	Opinion Date January 25, 2006	Date Accountant Report Submitted To State: February 9, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>PLANTE &amp; MORAN, PLLC</b>			
Street Address 750 Trade Centre Way, Suite 300	City Portage	State MI	ZIP 49002
Accountant Signature 			

# **Calhoun County Medical Care Facility**

---

**Financial Report  
with Additional Information  
December 31, 2005**

# Calhoun County Medical Care Facility

---

## Contents

<b>Report Letter</b>	<b>I</b>
<b>Financial Statements</b>	
Balance Sheet	2
Statement of Revenue, Expenses, and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-11
<b>Additional Information</b>	<b>12</b>
<b>Report Letter</b>	<b>13</b>
Schedule of Net Service Revenue	14
Schedule of Operating Expenses	15



**Plante & Moran, PLLC**

Suite 300  
750 Trade Centre Way  
Portage, MI 49002  
Tel: 269.567.4500  
Fax: 269.567.4501  
plantemoran.com

## Independent Auditor's Report

Calhoun County Department of  
Human Services Board  
Calhoun County Medical Care Facility

We have audited the accompanying balance sheet of Calhoun County Medical Care Facility (a component unit of Calhoun County) as of December 31, 2005 and 2004 and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Facility's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calhoun County Medical Care Facility at December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

*Plante & Moran, PLLC*

January 25, 2006

A member of



A worldwide association of independent accounting firms

# Calhoun County Medical Care Facility

## Balance Sheet

	December 31, 2005	December 31, 2004
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 2,012,503	\$ 1,805,439
Residents accounts receivable (Note 3)	813,290	812,206
Taxes receivable (Note 4)	706,574	700,323
Other current assets	136,794	137,325
Total current assets	3,669,161	3,455,293
<b>Assets Limited as to Use</b> (Note 2)	5,907,494	4,878,253
<b>Property and Equipment</b> (Note 5)	2,347,488	2,324,255
Total assets	<u>\$ 11,924,143</u>	<u>\$ 10,657,801</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 221,378	\$ 134,704
Due to County (Note 6)	116,667	103,334
Accrued liabilities and other:		
Accrued compensation and related liabilities	261,272	251,917
Accrued compensated absences	285,903	303,810
Deferred revenue - Proportionate share program (Note 1)	-	35,730
Deferred taxes (Note 4)	761,898	751,627
Resident deposits and advances (Note 1)	9,269	11,512
Other accrued liabilities	422,799	273,040
Total current liabilities	2,079,186	1,865,674
<b>Net Assets</b>		
Invested in capital assets - Net of related debt	2,347,488	2,324,255
Donor restricted for specific operating activities	52,387	42,558
Unrestricted	7,445,082	6,425,314
Total net assets	9,844,957	8,792,127
Total liabilities and net assets	<u>\$ 11,924,143</u>	<u>\$ 10,657,801</u>

# Calhoun County Medical Care Facility

## Statement of Revenue, Expenses, and Changes in Net Assets

	Year Ended December 31	
	2005	2004
<b>Operating Revenue</b>		
Net service revenue	\$ 8,906,789	\$ 8,883,836
Other operating revenue	196,631	120,733
Proportionate share reimbursement	216,694	256,404
Total operating revenue	9,320,114	9,260,973
<b>Operating Expenses</b>		
Salaries	5,512,590	5,514,884
Other expenses	3,670,430	3,648,248
Total operating expenses	9,183,020	9,163,132
<b>Operating Income</b>	137,094	97,841
<b>Other Income</b>		
Interest income	203,646	76,522
Tax revenue	880,423	786,221
Total other income	1,084,069	862,743
<b>Excess of Revenue Over Expenses</b>	1,221,163	960,584
<b>Contribution to Other County Funds</b>	(168,333)	(155,000)
<b>Increase in Net Assets</b>	1,052,830	805,584
<b>Net Assets - Beginning of year</b>	8,792,127	7,986,543
<b>Net Assets - End of year</b>	<b>\$ 9,844,957</b>	<b>\$ 8,792,127</b>

# Calhoun County Medical Care Facility

## Statement of Cash Flows

	Year Ended	
	December 31, 2005	December 31, 2004
<b>Cash Flows from Operating Activities</b>		
Cash received from residents and third-party payors	\$ 8,905,705	\$ 8,862,635
Cash paid to employees and suppliers	(8,608,219)	(8,745,277)
Cash received from Proportionate Share Program	191,235	219,832
Other operating receipts	196,631	120,733
Net cash provided by operating activities	685,352	457,923
<b>Cash Flows from Noncapital Financing Activities - Property taxes</b>	880,423	794,019
<b>Cash Flows from Investing Activities</b>		
Interest received	203,646	67,892
Patient trust deposits - Net	(2,243)	62
Net cash provided by investing activities	201,403	67,954
<b>Cash Flows from Capital Financing Activities</b>		
Purchase of property and equipment	(362,540)	(86,640)
Contributions to other County Funds	(168,333)	(155,000)
Net cash used in capital financing activities	(530,873)	(241,640)
<b>Net Increase in Cash and Cash Equivalents</b>	1,236,305	1,078,256
<b>Cash and Cash Equivalents - Beginning of year</b>	6,683,692	5,605,436
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 7,919,997</b>	<b>\$ 6,683,692</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>		
Current assets	\$ 2,012,503	\$ 1,805,439
Assets limited as to use	5,907,494	4,878,253
Total cash and cash equivalents	<b>\$ 7,919,997</b>	<b>\$ 6,683,692</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>		
Operating income	\$ 137,094	\$ 97,841
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	339,307	368,759
Provision for bad debts	8,588	50,000
Changes in assets and liabilities:		
Resident accounts receivable	(9,672)	(130,213)
Other current assets	(5,720)	9,012
Accounts payable	86,674	7,767
Other accrued expenses	141,207	91,329
Deferred revenue	(25,459)	(36,572)
Due to County	13,333	-
Net cash provided by operating activities	<b>\$ 685,352</b>	<b>\$ 457,923</b>

There were no significant noncash activities in 2005 or 2004.

# Calhoun County Medical Care Facility

## Notes to Financial Statements December 31, 2005 and 2004

### Note 1 - Nature of Business and Significant Accounting Policies

Calhoun County Medical Care Facility (the "Facility"), a component unit of Calhoun County, is a 120-bed, long-term care facility owned and operated by Calhoun County (the "County"). It is governed by the Calhoun County Department of Human Services Board. This board consists of three members, two of whom are appointed by the County Board of Commissioners and one appointed by the Michigan governor. Further, the County Board of Commissioners approves the Facility's revenue and expenses as a line item in the County budget.

The accounting policies of the Facility conform to accounting principles generally accepted in the United States of America as applicable to local governmental units. Because the Facility provides a service to citizens that is financed primarily by a user charge, the Facility uses Enterprise Fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

**Enterprise Fund Accounting** - The Facility uses Enterprise Fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Facility has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Basis for Presentation** - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. The Facility follows the "business-type" activities reporting requirements of GASB Statement No. 34, which provides a comprehensive look at the Facility's financial activities.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** - Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.



# Calhoun County Medical Care Facility

## Notes to Financial Statements December 31, 2005 and 2004

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

**Assets Limited as to Use** - Assets limited as to use primarily include assets set aside by the Calhoun County Department of Human Services Board for future capital improvement, over which the board retains control, and may, at its discretion, subsequently use for other purposes, as well as assets temporarily restricted by donors for future capital improvements, resident and client services, and scholarships.

**Property and Equipment** - Property and equipment amounts are recorded at cost. Depreciation is computed principally on the straight-line basis over the estimated useful lives of the assets. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Costs of maintenance and repairs are charged to expense when incurred.

**Compensated Absences** - Compensated absences are charged to operations when earned. Unused benefits are recorded as a current liability in the financial statements.

**Resident Funds** - The Facility maintains various bank accounts for deposits and disbursements for the residents' personal expenses. These funds are assets of the residents.

**Maintenance of Effort** - Maintenance of Effort (M.O.E.) is a County obligation to the State of Michigan. Every month, the County receives a bill from the State of Michigan for each Medicaid resident day approved by the State during that month. M.O.E. is being paid by the Facility and is recorded in operating expenses. M.O.E. expense amounted to \$43,204 and \$44,624 for the years ended December 31, 2005 and 2004, respectively.

**Proportionate Share Reimbursement Program** - During the years ended December 31, 2005 and 2004, the Facility participated in this program sponsored by the State of Michigan.

In 2005, this program was discontinued by the State. The Facility received one payment in June 2005. The transaction was recorded into revenue in relation to the State fiscal year ended September 30, 2005.

In 2004, two transactions were completed. The first transaction was in June and was recorded in revenue in relation to the State fiscal year ended September 30, 2004. The second transaction in October was for the State fiscal year ended September 30, 2005 and therefore was recognized one quarter in revenue and three quarters in deferred revenue. The first transaction included an amount equal to approximately 3 percent of the annual Medicaid reimbursement in lieu of the normal administrative adjustment or inflation factor.

# Calhoun County Medical Care Facility

## Notes to Financial Statements December 31, 2005 and 2004

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Service Revenue** - The Facility's principal activity is operating a long-term health care facility for the elderly. Revenue is derived from participation in Medicaid and Medicare programs, as well as from private pay residents. Amounts earned under the Medicaid and Medicare programs are subject to review and audit by the third-party payors, and make up a significant portion of revenue earned during each year, as follows:

	2005	2004
Percent of revenue:		
Medicaid	78 %	78 %
Medicare	9 %	7 %

The payment methodology related to these programs is based on cost and clinical assessments that are subject to review and final approval by Medicaid and Medicare. Any adjustment that is a result of this final review and approval will be recorded in the period in which the adjustment is made. In the opinion of management, adequate provision has been made for any adjustments that may result from such third-party review.

Services rendered to Medicare program beneficiaries are paid at prospectively determined rates based upon clinical assessments completed by the Facility that are subject to review and final approval by Medicare.

Medicaid reimburses the Facility for resident routine service costs, on a per diem basis, prospectively determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes they are in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

**Operating Revenues and Expenses** - The Facility's statement of revenue, expenses, and changes in net assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the Facility's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Nonexchange revenues, including taxes, interest, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Interest expense is reported as a nonoperating expense.

# Calhoun County Medical Care Facility

## Notes to Financial Statements December 31, 2005 and 2004

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Net Assets** - Net assets of the Facility are classified into three components. Net assets invested in capital assets net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balance of any outstanding borrowings used to finance the purchase or construction of those assets. Net assets restricted by donor for specific operating activities consist of noncapital net assets that must be used for a particular purpose, as specified by contributors external to the Facility. Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted.

### Note 2 - Deposits and Investments

The Facility's deposits and investments are composed of the following:

	2005		2004	
	Cash and Cash Equivalents	Assets Limited as to Use	Cash and Cash Equivalents	Assets Limited as to Use
Deposits:				
County Treasurer	\$ 1,997,676	\$ 5,907,494	\$ 1,748,529	\$ 4,878,253
Bank	13,977	-	56,060	-
Petty cash	850	-	850	-
Total	<u>\$ 2,012,503</u>	<u>\$ 5,907,494</u>	<u>\$ 1,805,439</u>	<u>\$ 4,878,253</u>

**Cash - County Treasurer** - These funds were under the control of the County Treasurer, who deposited these funds with a bank.

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrument of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Facility's deposits and investments are subject to several types of risks including custodial credit risk of bank deposits and investments, interest rate risk, credit risk, and concentration of credit risk. It is impractical to determine the amount of risk associated with the Facility's funds as these funds are only a portion of the total County deposits.

# Calhoun County Medical Care Facility

## Notes to Financial Statements December 31, 2005 and 2004

### Note 3 - Resident Accounts Receivable

The details of resident accounts receivable are set forth below:

	<u>2005</u>	<u>2004</u>
Resident accounts receivable	\$ 961,116	\$ 902,527
Uncollectible accounts	(80,000)	(80,000)
Medicaid payment advances	<u>(67,826)</u>	<u>(10,321)</u>
Net resident accounts receivable	<u>\$ 813,290</u>	<u>\$ 812,206</u>

The Facility provides services without collateral to its residents, most of whom are local residents and insured under third-party payor agreements. The mix of receivables from residents and third-party payors is as follows:

	<u>2005</u>	<u>2004</u>
Medicare	25 %	15 %
Medicaid	47 %	50 %
Other payors	<u>28 %</u>	<u>35 %</u>
Total	<u>100 %</u>	<u>100 %</u>

### Note 4 - Taxes Receivable/Deferred Tax Revenue

Taxes are levied on December 1 and payable by February 15. The cities and townships within the County bill and collect the property taxes for the County. County property tax revenue is recognized when levied to the extent that it results in current receivables within the year budgeted by the board to provide resources for financing budgeted expenditures. Deferred property taxes are amounts levied at December 1 of the current year, but applied to future operations. The County Medical Care Facility has voter approval to levy annually (December 1, 2003 through December 1, 2007) \$.2482 per \$1,000 of assessed valuation for the purpose of general operation of the Facility.

# Calhoun County Medical Care Facility

## Notes to Financial Statements December 31, 2005 and 2004

### Note 5 - Property and Equipment

Cost of property and equipment and related depreciable lives for December 31, 2005 are summarized below:

	2004	Additions	Transfers	Retirements	2005	Depreciable Life - Years
Land and land improvements	\$ 116,596	\$ -	\$ -	\$ -	\$ 116,596	5-20
Building	6,263,060	272,158	-	(17,065)	6,518,153	10-40
Equipment	1,798,897	90,382	-	-	1,889,279	
Total	8,178,553	362,540	-	(17,065)	8,524,028	
Less accumulated depreciation:						
Land and land improvements	72,873	8,157	-	-	81,030	
Building	4,203,030	201,338	-	(17,065)	4,387,303	
Equipment	1,578,395	129,812	-	-	1,708,207	
Total	5,854,298	339,307	-	(17,065)	6,176,540	
Net carrying amount	\$ 2,324,255	\$ 23,233	\$ -	\$ -	\$ 2,347,488	

Cost of capital assets and related depreciable lives for December 31, 2004 are summarized below:

	2003	Additions	Transfers	Retirements	2004	Depreciable Life - Years
Land and land improvements	\$ 96,071	\$ 20,525	\$ -	\$ -	\$ 116,596	5-20
Building	6,213,781	49,279	-	-	6,263,060	10-40
Equipment	1,812,761	16,836	-	(30,700)	1,798,897	5-10
Total	8,122,613	86,640	-	(30,700)	8,178,553	
Less accumulated depreciation:						
Land and land improvements	66,152	6,721	-	-	72,873	
Building	4,001,355	201,675	-	-	4,203,030	
Equipment	1,448,732	160,363	-	(30,700)	1,578,395	
Total	5,516,239	368,759	-	(30,700)	5,854,298	
Net carrying amount	\$ 2,606,374	\$ (282,119)	\$ -	\$ -	\$ 2,324,255	

### Note 6 - Related Party Transactions

As discussed in Note 1, the Facility is a component unit of Calhoun County. To finance a renovation project of the Facility, the County issued bonds in 1992 totaling \$1,550,000. To assist with repayment, the Facility has recorded contributions to the County of \$168,333 and \$155,000 for the years ended December 31, 2005 and 2004, respectively. At December 31, 2005 and 2004, the accrued liability to the County was \$116,667 and \$103,334, respectively.

# **Calhoun County Medical Care Facility**

---

## **Notes to Financial Statements December 31, 2005 and 2004**

### **Note 7 - Risk Management**

The Facility is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Facility has purchased commercial insurance for property, malpractice, workers' compensation, directors' and officers' liability, and employee health claims. The Facility is self-insured for unemployment claims.

### **Note 8 - Defined Contribution Retirement Plan**

The Facility provides pension benefits to employees who have worked an initial probationary period of 90 to 120 days and have a total of 1,000 hours worked (500 hours for employees of the Facility for more than one year) through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by Calhoun County, for the year ended December 31, 2005, the Facility contributed \$1.00 for each \$1.00 of voluntary contribution made by the employee up to a maximum of 5 percent of the employee's gross wages. In accordance with these requirements, the Facility contributed \$104,411 and \$109,348, and the employees contributed \$173,026 and \$171,419 for the years ended December 31, 2005 and 2004, respectively.

### **Note 9 - Endowment Funds Held by Third Parties**

The Facility is the beneficiary of a trust, which is maintained by an outside trustee, the Battle Creek Community Foundation. Income from the trust, which consists substantially of interest and dividends, is to be used for operations. The balance of the trust, which is not accounted for in the Facility's records, is \$278,813 and \$268,663 at December 31, 2005 and 2004, respectively. Income received by the Facility from the trust was \$14,530 and \$17,900 during the years ended December 31, 2005 and 2004, respectively.

## **Additional Information**

---



**Plante & Moran, PLLC**

Suite 300  
750 Trade Centre Way  
Portage, MI 49002  
Tel: 269.567.4500  
Fax: 269.567.4501  
plantemoran.com

Calhoun County Department of Human  
Services Board  
Calhoun County Medical Care Facility

We have audited the financial statements of Calhoun County Medical Care Facility as of December 31, 2005 and 2004. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of net service revenue and operating expenses are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Plante & Moran, PLLC*

January 25, 2006

A member of



A worldwide association of independent accounting firms



# Calhoun County Medical Care Facility

## Schedule of Net Service Revenue

	Year Ended December 31	
	2005	2004
Skilled nursing services:		
Daily net room revenue:		
Medicaid	\$ 6,143,400	\$ 6,145,020
Medicare	695,700	536,940
Private pay and other	977,040	1,181,507
Total daily net room revenue	7,816,140	7,863,467
Ancillary revenue:		
Pharmacy	103,646	95,365
Therapy services	683,510	573,210
Other ancillary services	81,870	53,865
Total skilled nursing services revenue	8,685,166	8,585,907
Revenue deductions:		
Provision for contractual discounts	(598,853)	(385,269)
Bad debt expense	(8,588)	(50,000)
Total revenue deductions	(607,441)	(435,269)
Other service revenue	829,064	733,198
Net service revenue	<b>\$ 8,906,789</b>	<b>\$ 8,883,836</b>

# Calhoun County Medical Care Facility

## Schedule of Operating Expenses

	Year Ended December 31			
	2005			2004
	Salaries	Other	Total	Total
Fringe benefits	\$ -	\$ 1,457,718	\$ 1,457,718	\$ 1,512,631
Administration	495,201	291,463	786,664	776,320
Plant operations	188,690	126,916	315,606	330,395
Utilities	-	179,617	179,617	148,768
Laundry	59,735	192,972	252,707	293,532
Housekeeping	267,725	96,142	363,867	346,189
Dietary	533,254	302,177	835,431	837,130
Medical records	127,859	23,495	151,354	141,389
Social services	111,676	1,778	113,454	94,056
Diversional therapy	255,275	25,605	280,880	267,022
Other ancillary services	-	39,858	39,858	34,319
Therapy services	385,637	38,689	424,326	384,975
Pharmacy	-	118,470	118,470	100,945
Nursing	2,542,655	295,586	2,838,241	2,858,564
Other services	544,883	97,434	642,317	623,514
Depreciation and amortization	-	339,306	339,306	368,759
Maintenance of effort	-	43,204	43,204	44,624
2005 totals	<u>\$ 5,512,590</u>	<u>\$ 3,670,430</u>	<u>\$ 9,183,020</u>	
2004 totals	<u>\$ 5,514,884</u>	<u>\$ 3,648,248</u>		<u>\$ 9,163,132</u>